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91379



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## Level 3 Business Studies, 2018

### 91379 Demonstrate understanding of how internal factors interact within a business that operates in a global context

9.30 a.m. Friday 9 November 2018  
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of how internal factors interact within a business that operates in a global context.	Demonstrate in-depth understanding of how internal factors interact within a business that operates in a global context.	Demonstrate comprehensive understanding of how internal factors interact within a business that operates in a global context.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

**There is ONE task in this booklet. You should attempt ALL FOUR parts of the task.**

Refer to relevant business knowledge and/or Māori business concepts in your answers.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–11 in the correct order and that none of these pages is blank.

**YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.**

Merit

TOTAL

05

ASSESSOR'S USE ONLY

## TASK

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(a) Fully explain the importance to the business of introducing innovations to its production process.

In your answer, refer to:

- the reason that the process innovation would affect the costs of production
- the impact on competitors.

Innovation is anticipating future trends and potential problems and developing an idea for businesses to meet future trends and reduce issues. Process innovation is how businesses develop an idea in the production process to improve the efficiency and effectiveness of the process. As Waiti Enterprises have recently introduced a specialist 3D printer meaning their rocket launching systems are constructed faster and with no quality issues. It means their cost of production increases in the short term to implement the printer but in the long term will benefit Waiti Enterprises customer loyalty and potential sales. By introducing innovations to their production process it brings a competitive advantage for their business against competitors. Society expects businesses to operate at a desired future state and for Waiti Enterprises this is to be able to make space affordable. With introducing this innovative process it reduces production time and in the long term decreases production costs therefore making the entire production process more cost efficient and making space affordable for consumers. Therefore, consumers choose Waiti Enterprises over their competitors.



Waiti Enterprises is aware that it needs to protect its intellectual property, such as the specialist 3D printer, from being copied by its competitors. Recently, the CEO took legal advice and learned about:

- trademarks
- patents
- copyrights.

- (b) Fully explain which intellectual property (IP) the business should invest in to prevent competitors from copying the innovations it uses in its production process.

In your answer:

- state the innovation
- the reason for your choice of IP protection
- the impact that this form of protection would have on sales.

Waiti Enterprise has recently introduced an innovated innovation of a specialised 3D printer into their product process. To ensure their innovation is protected from their competitors copying it they (Waiti Enterprise) will need to register for a patent onto their 3D printer. A patent is a suitable IP protection because it protects inventors ~~competitors~~ innovations such as the specialist 3D printer, from being copied by their competitors. ~~An patent would be registered~~  
This form of protection a business has on a production process innovation allows consumers to see their business as more valuable and a business with a high quality brand image therefore consumers are looking at them over businesses without IP protections. Waiti Enterprise will then see an increasing trend in their sales as consumers are looking for a valuable business and one who is willing to protect their own inventions because they know the difference the printer will make to their production process.



Waiti Enterprises is keen to introduce some other **product innovations** that will significantly improve the performance of the rockets. The CEO is concerned about the **speed at which some of their competitors are already innovating**.

Waiti Enterprises will need to **innovate quickly**, and the CEO is considering two alternative approaches to managing the change process to ensure the staff are onboard:

- inclusive (input sought from all parties – may involve long meetings)
- top down (change process decided by managers only – no long meetings).

- (c) Evaluate the **likely success of a top-down approach** to ensure that staff are onboard and supportive of the new product innovations.

In your answer:

- fully explain **ONE positive** and **ONE negative effect** of the **top-down change management approach** for the business
- provide a justified conclusion, including any new information, as to the likelihood of **success of the top-down change management approach** for the business.

Change management is the processes a business makes to move them from their current state to a desired future state.

One positive effect of the top-down change management approach for Waiti Enterprise is that the managers only can fully decide the change process without ~~any~~ long meetings for the rest of staff/employees. This ~~means~~ means that all employees of Waiti Enterprises (Excluding managers) will be able to continue their normal day of production without having to be involved with long meetings about the change. Allowing Waiti Enterprises to continue normal operations without disruption of those meetings, and the business can continue being successful while change management decisions are being made.

One negative effect of the top down change management approach for Waiti Enterprises is that the



employees will feel unimportant and unwanted by management as they want input from managers only. This could cause resistance to change when communicated the change and could lead to higher staff turnover or reduction in sales as employees become less motivated to complete their job/task at highest standards.

Waiti Enterprises likelihood of success of the top-down change management approach is minimal as the negative effects that could occur outweigh the positive effects. When a business is going through a change management approach/decision they ~~want~~ want the entire business employees/staff to be involved with the decision to ensure the decision is fully communicated properly with everyone and so there isn't any miscommunication. A result of miscommunication is resistance to change and that causes higher staff turnover and poor production quality due to employees not being motivated. If Waiti Enterprises was to complete an inclusive change management approach all parties feel valuable, there isn't communication errors due to everyone being involved at meetings, and new innovative ideas can be expressed at the meetings allowing for quick innovative ideas to help compete with competition.

Businesses should be concerned that if quality is not a focus for all staff, then the business will suffer. Two potential quality management strategies considered here are:

- Quality Assurance
- Kaizen.

(d) For a New Zealand-registered business you have studied that is operating in a global context, choose ONE of the two strategies from the above list and evaluate it for its suitability to improve the quality of the business's products.

In your answer:

- fully explain ONE positive and ONE negative effect of this quality management approach for the business
- provide a justified conclusion, including any new information, as to the suitability of this quality management approach for the business.

Name of New Zealand-registered business	Fonterra
Quality management approach	Quality Assurance

Fonterra is New Zealand's leading dairy producer today which produces ~~to~~<sup>for</sup> 30% world wide dairy products. Fonterra's main focus is ensuring they have high quality standards and expectations from farmers to the production process, to their distributors and to their consumers. A quality management strategy they use to ensure these standards are met throughout the whole process is Quality Assurance. This requires quality checks throughout many stages of the production process ensuring their final product meets their standards and consumers expectations.

One positive effect of Quality Assurance for Fonterra is that all of their final products being produced meet all the standards of the business and consumers due to products which



arent of standard are removed from production process before getting to the final inspection. This ensures Fonterra of having the highest quality dairy products compared to competitors. To ensure each stage of the production process which is checked of high quality products Fonterra needs specific staff/employees who have been trained to identify issues at that stage and that they know the expectations needing to be met.

One negative effect of Quality Assurance for Fonterra is that it is a very time consuming strategy. As throughout the whole production process there is specific staff to be checking over the quality of the goods at that stage, and if there is any issues/problems identified then employees will need to identify the cause and make adjustments to ensure that problem doesn't occur again. Meaning Fonterra won't be producing as efficiently and effectively as they would like which could cause them to not meeting the level of demand and causing consumers to buy from their competitors in the meantime but could cause potential loss of sales if consumers find Fonterra's competitors products to be of higher quality.

Fonterra's sustainability to this quality management approach of Quality Assurance could cause them to become very sustainable. As the positive effects

M5

Extra space if required.

Write the question number(s) if applicable.

QUESTION  
NUMBER

- (d) Show better results and long term benefits than the negative effects. This quality strategy <sup>shows</sup> ~~will~~ that with making quality checks throughout the whole production process Fonterra is likely to minimise waste and shows environmental sustainability for the business. As with the checks being throughout the whole process employees can identify any problems straight away and find a way to minimise waste. Whereas if they were to only do a quality check at end of process there is a huge chance of multiply products not meeting standards due to not identifying and stopping straight away as they would with quality assurance.



## Merit Exemplar 2018

Subject	Level 3 Business Studies		Standard	91379	Total score	05
Q	Grade score	Annotation				
1	M5	<p><b>Part (a)</b> The candidate stated that the process innovation would decrease the cost of production and explained the reason why. However, the candidate did not explain the impact on competitors, therefore this answer did not reach Merit.</p> <p><b>Part (b)</b> The candidate clearly stated the innovation (3D Printer) and the reason for the choice of Patent in the context. The candidate also stated the positive impact on sales; however, a valid explanation of the impact was not written, therefore this answer did not reach Merit.</p> <p><b>Part (c)</b> The candidate did not explain the positive effect of the top-down strategy. The bunch of impact statements were written with no clear reason why top-down was beneficial for the business. In the second part, the candidate fully explained one negative effect of the top-down strategy, sufficient for Merit.</p> <p><b>Part (d)</b> The candidate fully explained one positive and one negative effect of the Quality Assurance strategy, sufficient for Merit. They also provided a justified conclusion, including new information.</p> <p>To gain Excellence overall, all candidates needed to fully explain both negative and positive effects in part (c) and part (d) to be able to provide a justified conclusion. Failure to meet this criterion in part (c) prevented this candidate from gaining Excellence overall.</p>				